

Message Text

CONFIDENTIAL

PAGE 01 BONN 02145 01 OF 02 071525Z

51

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SAJ-01 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 EB-07 INR-07 NSAE-00 RSC-01 FAA-00

PM-03 H-01 L-02 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 IO-10 ACDA-05 /082 W
----- 068806

P R 071605Z FEB 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 7812

INFO USMISSION USBERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 01 OF 02 BONN 02145

E.O. 11652: GDS

TAGS: PFOR, EAIR, WB, US, FR, UK, GW

SUBJECT: PROPOSAL THAT PAA KEEP ITS OPERATIONS AT
TEMPELHOF

REF: A. STATE 25782; B. BERLIN 208; C. BERLIN 230

1. SUMMARY. EMBASSY CAA HAS INFORMED BRITISH AND FRENCH CAAS AND FONOFF OFFICIAL JIRKA THAT POSSIBILITY OF PAA'S REMAINING AT TEMPLEHOF HAS BEEN SUGGESTED. FRENCH AND BRITISH RESERVED COMMENT FOR THE MOMENT BUT JIRKA EXPRESSED SOME CONCERN ABOUT POSSIBLE POLITICAL RAMIFICATIONS OF A PAA REFUSAL TO MOVE TO TEGAL. IN A SUBSEQUENT CONVERSATION JIRKA'S VIEWS ON THE SUBJECT WERE SOMEWHAT MORE EXPLICITLY NEGATIVE. HE EXPRESSED SOME PREOCCUPATION WITH THE IMPACT ON BERLIN PUBLIC OPINION OF THE RECENT SERIES OF IGS DISCLOSURES. HE ALSO ASKED ABOUT A RECENT RUMOR SUGGESTING PAN AM'S FINANCIAL DIFFICULTIES MAY FORCE IT TO LEAVE THE IGS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 02145 01 OF 02 071525Z

ACTION REQUESTED: EMBASSY WOULD APPRECIATE ANY AVAILABLE INFORMATION RE PAA'S CORPORATE PROSPECTS FOR THE NEAR TERM FOR USE IN DEALING WITH QUERIES SUCH AS JIRKA'S. END SUMMARY.

2. IN ACCORDANCE WITH REF A EMBASSY CAA INFORMED BRITISH CAA (GROVES) AND EX-FRENCH CAA THAT THE POSSIBILITY OF PAA'S STAYING AT TEMPELHOF HAD ARISEN AND THAT WE WOULD BE INTERESTED IN LEARNING THEIR VIEWS. WHILE REFERRING TO ADVANTAGES AND DISADVANTAGES OF THE PROPOSITION, EMBASSY CAA STRESSED THAT THE USG HAD AS YET FORMULATED NO POSITION ON THE MATTER. GROVES, WHO WAS ABOUT TO DEPART FOR LONDON, OFFERED NO IMMEDIATE RESPONSE BUT SAID HE WOULD PROBABLY BE ABLE TO SAY MORE UPON HIS RETURN. FRENCH CAA LIKEWISE HAD NO COMMENT EXCEPT TO SAY HE WOULD LOOK FORWARD TO DISCUSSING THE IDEA IN GREATER DEPTH ONCE HE HAD HAD THE OPPORTUNITY TO CONSULT WITH HIS COLLEAGUES.

3. LATER IN THE DAY EMBASSY CAA MADE A SIMILAR PRESENTATION TO FONOFF BCATAG REP JIRKA WHO EXPRESSED THE OFF-HAND VIEW THAT PAA'S FAILURE TO MOVE COULD PRESENT THE SENATE AND FRG WITH POLITICAL PROBLEMS. HE ACKNOWLEDGED THERE WOULD PROBABLY BE SOME FINANCIAL BENEFITS FOR THE FRG IF PAA STAYED AT TEMPELHOF BUT HE DOUBTED THESE WOULD OFF-SET THE NEGATIVE PUBLIC IMPACT OF A NOTICEABLY UNDER UTILIZED TEGEL WHICH WOULD BE THE CASE IF ONLY BA (WITH ITS LESS THAN 40 PERCENT OF THE MARKET) MOVED. JIRKA CALLED AGAIN IN THE AFTERNOON OF FEBRUARY 6, TO SEEK REASSURANCE THAT THE USG HAD NOT REACHED A FINAL DECISION TO SUPPORT A PAA REFUSAL TO MOVE. HE SAID THERE WERE NUMEROUS RUMORS CIRCULATING IN BERLIN THAT SUCH WAS THE CASE. ANOTHER STORY MAKING THE ROUNDS, ACCORDING TO JIRKA, SUGGESTED THAT PAA HAD DECIDED NOT TO TRANSFER TO TEGEL BECAUSE IT WOULD SHORTLY WITHDRAW FROM THE IGS DUE TO ITS SERIOUS FINANCIAL SITUATION. JIRKA THOUGHT THAT RECENT PUBLICITY GIVEN PAA'S RECORD LOSSES IN 1974 AND IRANIAN ATTEMPTS TO INVEST IN THE AIRLINE HAD PROBABLY PROVIDED THE SPRINGBOARD FOR CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 02145 01 OF 02 071525Z

THAT REPORT. WHILE HE HAD SEEN NO FIRM EVIDENCE TO SUPPORT THE SUPPOSITION THAT PAA MIGHT HAVE TO WITHDRAW, HE SAID "THE THOUGHT HAS CROSSED OUR MINDS THESE PAST MONTHS THAT PAA'S TROUBLES MIGHT HAVE A SERIOUS EFFECT ON THE IGS".

4. JIRKA ADDED THAT THE RECENT SERIES OF UNEXPECTED DISCLOSURES ON IGS MATTERS -- THE FARE INCREASE, THE

ROUTE SWAP PROPOSAL, AND THE REOPENING OF THE TEGEL
ISSUE -- WOULD TEND TO INDUCE A SENSE OF PUBLIC
UNEASE AND CONCERN ABOUT THE BERLIN AIR SERVICES, A
MOST UNWELCOME CONDITION IN THE CONTEXT OF THE
FORTHCOMING BERLIN ELECTIONS. HE CONCLUDED BY
ASKING IF PAA, IN FACT, NEEDED USG APPROVAL FOR A
DECISION NOT TO MOVE ADDING PARENTHETICALLY THAT

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 BONN 02145 02 OF 02 071518Z

51

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SAJ-01 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 EB-07 INR-07 NSAE-00 RSC-01 FAA-00

PM-03 H-01 L-02 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 IO-10 ACDA-05 /082 W
----- 068741

P R 071605Z FEB 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 7813

INFO USMISSION USBERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

C O N F I D E N T I A L SECTION 02 OF 02 BONN 02145

HE FOUND IT HARD TO BELIEVE THE BFG HAD COME UP
WITH ANY IDEA TO KEEP PAA AT TEMPELHOF. EMBASSY CAA
REITERATED THAT THE USG HAD FORMED NO JUDGMENT ON
THE TEGEL QUESTION AND IN FACT HAD NOT REACHED ANY
DECISION ON THE SWAP AGREEMENT, A MATTER WHICH
PROBABLY WOULD HAVE TO BE RESOLVED FIRST. EMBASSY
CAA DID NOT RESPOND DIRECTLY TO JIRKA'S QUERY RE THE
USG'S ROLE IN ANY POSSIBLE PAA DECISION NOT TO MOVE
TO TEGEL BUT DID POINT OUT THAT THE EMBASSY HAD NO

INFORMATION REMOTELY SUGGESTING THAT PAA MIGHT HAVE TO WITHDRAW FROM THE IGS. JIRKA SEEMED SATISFIED FOR THE MOMENT AND SUGGESTED THAT SINCE THE EMBASSY CAA WOULD BE AT THE FONOFF FEBRUARY 7, ON OTHER BUSINESS IT MIGHT PROVE USEFUL TO HAVE ANOTHER DISCUSSION ON IGS MATTERS.

5. COMMENT. WE ARE NOT AS YET CERTAIN OF THE EXTENT TO WHICH JIRKA WAS REFLECTING FONOFF CONCERNS AS CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 02145 02 OF 02 071518Z

OPPOSED TO HIS PERSONAL VIEWS. JIRKA IS AN EXPERIENCED SENIOR DIPLOMAT NOT GIVEN TO HYPERBOLE AND WE ARE INCLINED TO TAKE HIS REMARKS AS REASONABLY INDICATIVE OF PRESENT GERMAN THINKING. IN ANY SUBSEQUENT DISCUSSIONS WITH JIRKA EMBASSY CAA WILL CONTINUE TO TAKE THE POSITION THAT ALL OUTSTANDING IGS ISSUES ARE RECEIVING CAREFUL REVIEW BUT THAT NO FINAL US POSITIONS HAVE BEEN FORMULATED.

6. RE RUMORS ABOUT PAA'S FUTURE WE HAVE VERY LITTLE INFORMATION AVAILABLE HERE ON WHICH TO BASE RESPONSES TO QUERIES SUCH AS JIRKA'S (EXCEPT FOR RUNNETTES VERY PESSIMISTIC VIEWS REGARDING THE COMPANY'S OUTLOOK). BASED ON JIRKA'S REMARKS WE TEND TO THINK THAT THE WIDESPREAD PRESS COVERAGE GIVEN PAA'S FINANCIAL PROBLEMS COULD WELL HAVE CONTRIBUTED TO CONCERN ABOUT THE FUTURE OF THE IGS AMONG OFFICIAL GERMAN CIRCLES -- IF NOT AMONG THE PUBLIC-AT-LARGE. ACTION REQUESTED: EMBASSY WOULD APPRECIATE ANY AVAILABLE INFORMATION RE PAA'S CORPORATE PROSPECTS FOR THE NEAR TERM. HILLENBRAND

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRLINES, AIR ROUTES, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN02145
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750045-0893
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750264/aaaacffu.tel
Line Count: 207
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 25782, 75 BERLIN 208, 75 BERLIN 230
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAY 2003 by ifshinsr>; APPROVED <06 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSAL THAT PAA KEEP ITS OPERATIONS AT TEMPELHOF
TAGS: PFOR, EAIR, WB, US, FR, UK, GE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006